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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Insurers' losses from natural catastrophes and man-made disasters down 6% to $284bn in 2022

Global reinsurer Swiss Re estimated the global economic losses from natural catastrophes and man-made disasters at $284bn in 2022, constituting a decrease of 6.3% from $303bn in 2021, and compared to annual average losses of $220bn in the past 10 years. Economic losses include insured and uninsured catastrophe losses. Losses from natural catastrophes reached $275bn and represented 96.8% of overall losses in 2022, while those from man-made disasters reached $9bn and accounted for 3.2% of the total last year. Economic losses in North America amounted to $176bn and were equivalent to 0.64% of global GDP, followed by Asia with $51bn (0.13% of GDP), Europe with $21bn (0.09% of GDP), Latin America & the Caribbean (LAC) with $17bn (0.31% of GDP), Oceania & Australia with $10bn (0.50% of GDP), and Africa with $8bn (0.27% of GDP). In parallel, the losses of insurers from natural catastrophes and man-made disasters reached $132bn in 2022, up by 1.5% from $130bn in 2021, and accounted for 46.5% of total economic losses last year. Further, the losses of insurers from natural catastrophes stood at $125bn, or 94.7% of insured losses in 2022, while those from man-made disasters reached $7bn (5.3%). The losses of insurers in North America reached $102.8bn in 2022, or 77.6% of the total, followed by losses in Europe with $12.2bn (9.2%), Asia with $8.4bn (6.3%), Oceania & Australia with $5.3bn (4%), LAC with $1.9bn (1.5%), and Africa with $1.6bn (1.2%).

Source: Swiss Re

GCC

Healthcare sector expenditures to reach $136bn by 2027

Alpen Capital projected healthcare-related expenditures in the Gulf Cooperation Council (GCC) countries to grow from $86.8bn in 2020 and $104.1bn in 2022 to $110bn in 2023, $122bn in 2025, and $135.5bn in 2027, and to post a compound annual growth rate (CAGR) of 5.4% in the 2022-27 period, following a CAGR of 9.5% in the 2020-22 timeframe. It anticipated the healthcare sector's outlook to be underpinned by the region's expanding population base, high incidence of non-transmissible diseases, the increasing cost of treatment, rising medical inflation, and the expanding penetration of health insurance. It projected healthcare-related spending in Saudi Arabia at $77.1bn in 2027 and to account for 57% of total healthcare expenditures in the GCC region for the year, compared to a share of 58.3% in 2022. The UAE followed with $30.7bn in healthcare spending (22.7% of the total), then Kuwait with $10.1bn (7.4%), Qatar with $9.3bn (6.9%), Oman with $6.1bn (4.5%), and Bahrain with $2.2bn (1.6%) in 2027. Further, it forecast spending on healthcare in the UAE to post a CAGR of 7.4% during the 2022-27 period, followed by spending in Bahrain (+6.1%), Qatar (+5.1%), Saudi Arabia (+4.9%), Oman (+4.7%), and Kuwait (+4.4%). In parallel, it expected demand for hospital beds in the GCC to expand from 121,525 in 2022 to 123,944 beds in 2023, 128,742 in 2025, and 133,731 beds in 2027, and to post a CAGR of 1.9% in the 2022-27 period.

Source: Alpen Capital

EMERGING MARKETS

Fixed income trading up 5% to $5.4 trillion in 2022

Trading in emerging markets debt instruments reached $5,419bn in 2022, constituting an increase of 5% from $5,138bn in 2021. Debt trading volumes totaled $1,494bn in the first quarter, $1,309bn in the second quarter, $1,255bn in the third quarter, and $1,361bn in the fourth quarter of 2022. Turnover in local-currency instruments reached $3,576bn in 2022, up by 16% from $3,073bn in 2021, and accounted for 66% of the total debt trading volume in emerging markets. In parallel, trading in Eurobonds stood at $1,822bn in 2022, constituting a decrease of 11% from $2,045bn in 2021. The volume of traded sovereign Eurobonds reached $1,183bn and accounted for 65% of aggregate Eurobonds traded in 2022, relative to $1,228bn and a share of 60% of traded Eurobonds in 2021. Also, the volume of traded corporate Eurobonds reached $633bn, or 35% of traded Eurobonds. In addition, turnover in warrants and options amounted to $3bn, while loan assignments stood at $19bn in 2022. The most frequently-traded instruments in 2022 were Mexican fixed income assets with a turnover of $987bn, or 18.2% of the total, followed by securities from Brazil with $728bn (13.4%), and instruments from China with $410bn (7.6%). Other frequently-traded instruments consisted of fixed income securities from India at $215bn (4%) and from South Africa at $191bn (3.5%).

Source: EMTA

MENA

Vast disparities in region's prosperity levels

The Legatum Institute ranked the UAE in 44th place among 167 countries globally and in first place among 19 Arab economies on its Prosperity Index for 2023. Qatar followed in 46th place, then Kuwait (60th), Bahrain (62nd), and Oman (67th) as the five most prosperous Arab countries; while Libya (146th), Mauritania (154th), Sudan (158th), Syria (159th), and Yemen (166th) were the least prosperous Arab economies. The institute assesses the prosperity of citizens based on their material wealth and social well-being, while the data covers 300 indicators grouped in 12 sub-indices. The Arab region's average score stood at 51.37 points in the 2023 index relative to 51.4 points in the most recent survey that was conducted in 2021, and came lower than the global average score of 58.1 points. The average score of Gulf Cooperation Council (GCC) countries was 62.2 points, while the average of non-GCC Arab countries stood at 46.4 points. The rankings of nine Arab countries improved from the previous survey, those of three economies deteriorated from 2021, while the rankings of seven countries were unchanged from the previous survey. In parallel, the scores of five countries improved, those of 14 economies regressed from the 2021 survey. Further, the UAE came in first place on the Investment Environment, Governance, Education, Health, Market Access & Infrastructure, and Enterprise Conditions sub-indices. Also, Qatar ranked in first place among Arab countries on the Economic Quality, the Safety & Security, and the Social Capital sub-indices. Further, Kuwait came first on the Living Conditions sub-index, Tunisia ranked in first place regionally on the Personal Freedom sub-index, and Lebanon came first on the Natural Environment sub-index.

Source: Legatum Institute, Byblos Research

OUTLOOK

WORLD

Growth revised upwards to 2.6% in 2023, risks to the outlook on the downside

The Organization for Economic Cooperation and Development (OECD) revised upwards its global real GDP growth forecast by 0.4 percentage points to 2.6% in 2023 from its forecast of last November. It attributed its upward revision to lower global commodity prices and to the full reopening of the Chinese economy, but it anticipated that the growth benefits of these changes will be limited to the near term. Also, it forecast real GDP growth at 1.5% in the U.S., at 0.8% in the Euro area, and at 2.6% in the Group of 20 economies in 2023. In addition, it projected global real GDP growth at 2.9% in 2024, but to remain below pre-pandemic growth rates. It anticipated that the disruptions from the war in Ukraine to weigh on global output directly and indirectly through the risks to food and energy security, and through commodity markets.

In parallel, it expected that the slowdown in global economic growth, tighter monetary policy and easing supply bottlenecks globally, will moderate inflationary pressures in 2023. As such, it projected the average inflation rate to decline from 8.1% in 2022 to 5.9% in 2023 in the Group of 20 economies, to decelerate from 8.4% in 2022 to 6.2% in the Euro area, and to slow down from 6.3% last year to 3.7% in 202 in the U.S.

Further, the OECD considered the global economic outlook has improved but that it is still fragile, and that risks have become better balance but remain tilted to the downside. It noted that uncertainties about the evolution of the war in Ukraine and trade-related tensions constitute key concerns. Also, it noted that the impact of tighter monetary policies worldwide is difficult to assess and could continue to expose financial vulnerabilities from elevated debt burdens, while pressures in global energy markets could also reappear, which could lead to renewed price increases and higher inflation rates.

Source: OECD

SYRIA

Economic activity to contract by 3.2% in 2023, outlook subject to significant downside risks

The World Bank indicated that the ongoing conflict in Syria is undermining economic activity, and pointed out that the destruction of physical capital, as well as casualties, forced displacements and the breakup of economic networks have led to the contraction of nominal GDP by 50% between 2010 and 2020. It added that severe droughts since 2021 have negatively impacted agricultural production, and that higher commodity prices have weakened the fiscal and external positions, given that Syria imports nearly half of its oil consumption and about one-third of its cereal consumption. As a result, it projected Syria's real GDP to shrink by 3.2% in 2023 following a contraction of 3.5% in 2022, as it anticipated that the conflict in the country will continue at a level comparable to last year, and that the prolongation of the war on Ukraine could impair supply chains and the provision of essential commodities to Syria. It also expected rising inflation rates and the depreciation of the exchange rate to weigh on private consumption, for private investment to remain weak given the volatile security conditions and continued economic and policy uncertainties, and for the lack of financing to constrain capital expenditures. In addition, it considered that the conflict, high input costs and water scarcity will limit crop production, while fuel shortages will further weaken manufacturing and disrupt transportation and services. Also, it forecast the average inflation rate to decline from 70.1% in 2022 to 44% this year.

In parallel, it expected that the government will continue to borrow from the Central Bank of Syria to finance its fiscal deficit, given the country's lack of access to domestic and international financing. It added that the government's fiscal plan estimates that debt servicing will account for about 20% of the budgeted fiscal deficit in 2023, but it forecast the deficit to narrow slightly from 8.4% of GDP in 2022 to 8.2% of GDP in 2023. Further, the World Bank considered that risks to the outlook are significant and are tilted to the downside.

Source: World Bank

TUNISIA

Economic outlook facing two scenarios

The Institute of International Finance (IIF) considered two scenarios for Tunisia's economic prospects, given that the government's prolonged inaction on much-needed structural and fiscal reforms, and the war in Ukraine, have aggravated the country's preexisting debt and balance-of-payments challenges.

In its first scenario, it assumes that substantial fiscal adjustment and structural reforms would pave the way for the International Monetary Fund's (IMF) Executive Board to approve the $1.9bn Extended Fund Facility. As such, it projected Tunisia's real GDP growth to accelerate from 2.5% in 2022 to 4.5% by 2026, driven by private sector activity. It also forecast the fiscal deficit to narrow from 6.5% of GDP last year to 4.1% of GDP in 2023 and to reach 0.7% of GDP by 2026, in case of stronger tax revenues and the reallocation of public spending towards social protection and growth-enhancing investments. In addition, it anticipated the public debt level to decline from 87% of GDP at the end of 2022 to 82.8% of GDP by end-2023, and expected it to remain on a firm downward trajectory. Also, it projected the current account deficit to narrow from 8.5% of GDP in 2022 to 4% of GDP by 2026, in case of higher export receipts, and for foreign currency reserves to rise from $2.9bn at the end of 2022 to $4.1bn by end-2026.

Under its second scenario, the IIF assumed that the authorities will not reach an agreement with the IMF, that they will implement limited reforms, and that external financial support will be inadequate. As a result, it projected real GDP growth to decelerate to 1.6% in 2023 and to stabilize at 2% by 2026, due to the lack of financing sources for the economy. It also forecast the fiscal deficit to narrow to 4.6% of GDP in 2023 and 3% of GDP by 2026, and for the public debt level to reach 83.4% of GDP by end-2026. Also, it projected the current account deficit to gradually narrow but to remain wide at 5.1% of GDP by 2026, while it anticipated foreign currency reserves to decline to $0.3bn by end-2026. As such, it anticipated that, in the absence of deep reforms under an IMF-supported program and adequate external financing, the persistent large external and fiscal deficits will constrain growth and lead to the depletion of foreign currency reserves by the end of 2026, which would jeopardize macroeconomic stability and potentially lead to a sovereign default.

Source: Institute of International Finance

SAUDI ARABIA

Ratings upgraded, outlook revised to 'positive' on reforms momentum

S&P Global Ratings upgraded Saudi Arabia's short- and long-term local and foreign currency sovereign credit ratings from 'A-2/A-' to 'A-1/A', respectively, and revised the outlook on the long-term ratings from 'positive' to 'stable'. It attributed the upgrade to Saudi Arabia's sustained reforms momentum in recent years and to its leadership role in global oil markets. It noted that the ratings reflect the implementation of reforms, which would increase revenues from non-oil sectors and widen the non-oil tax base. In addition, it said that the 'stable' outlook reflects the agency's expectations that the government's reforms plan would support the development of the non-oil sector, and pointed out that the economy will continue to benefit from large investment projects, largely funded by the Public Investment Fund and the National Development Fund. Further, it forecast the Kingdom's gross external financing needs at 56.3% of current account receipts plus usable reserves in 2023, and at 59.8% in 2024 and 61.3% in 2025. In parallel, Moody's Investors Service affirmed at 'A1' the long-term issuer and senior unsecured ratings of Saudi Arabia, while it revised the outlook on the ratings from 'stable' to 'positive'. It pointed out that the outlook revision reflects the increasing likelihood that the Kingdom's economic and fiscal reliance on hydrocarbons would decline in the near term, driven by reforms and investments in non-oil sectors. Further, it noted that the ratings reflect the government's moderate debt burden, availability of robust fiscal buffers in the form of government financial assets, and high economic strength.

Source: S&P Global Ratings, Moody's Investors Service

MAURITANIA

IMF program to support macroeconomic stability

The International Monetary Fund (IMF) estimated that Mauritania's real GDP growth reached 5.3% in 2022, driven mainly by high revenues from the extractive industry. It noted that the elevated global commodity prices have negatively affected the country's external position last year. It pointed out that the current account deficit doubled to 16.4% of GDP in 2022 due to high international food and energy prices. Also, it said that foreign currency reserves decreased from $2.3bn at end-2021 to $1.9bn at end-2022. Further, it welcomed the launch of the economic program of the Mauritanian government that the IMF will support, as well as the authorities' strong commitment to its implementation. It indicated that the program aims to preserve macroeconomic stability, strengthen the fiscal and monetary policy frameworks, consolidate the foundations for inclusive growth, and reduce poverty in the country. It also stressed the need to create room for infrastructure investment and social spending, in order to achieve higher and greener growth and to maintain a disciplined fiscal policy to contain the public debt level. It underscored the importance of the decisive implementation of structural reforms that include improving governance, transparency, the business environment and financial inclusion, as well as mitigating the challenges of climate change. In addition, it considered that a continued tight monetary policy stance, which is closely coordinated with the execution of the budget, will help reduce the inflation rate that reached 10.3% in January 2023.

Source: International Monetary Fund

TÜRKIYE

Sovereign ratings affirmed, outlook 'negative'

Fitch Ratings affirmed Türkiye's short- and long-term local and foreign-currency issuer default ratings (IDRs) at 'B', and maintained the 'negative' outlook on the ratings. Also, it affirmed the Country Ceiling at 'B'. It indicated that the affirmation of the ratings balances the sovereign's weak external finances and elevated economic distortions, driven by high interventionist and unconventional policies from the government, as well as elevated geopolitical risks; against the country's diversified economy, low level of government debt and a manageable sovereign debt repayment profile. Further, it expected economic activity to slow down and for the fiscal deficit to widen in 2023 due to the negative impact of the February earthquakes, as well as to fiscal stimulus in the electoral year and expenditure pressures related to high inflation rates and post-earthquake relief and reconstruction. In parallel, it said that the 'negative' outlook reflects the expansionary and inconsistent policy mix, characterized by negative real rates and the increased use of regulatory measures and controls. It added that the increase in the demand for foreign currency would put pressure on the Turkish lira, reduce foreign currency reserves, maintain inflation rates at a high level, and weigh on the availability and cost of external financing. In parallel, the agency said that it could downgrade the ratings in case the inflation rate increases further, if depositor confidence weakens, if the vulnerabilities of the banks' balance sheets increase, and/or if a deterioration in domestic political or security conditions severely affects the economy and external finances.

Source: Fitch Ratings

LIBYA

Near-term economic prospects contingent on hydrocarbon production

The International Monetary Fund (IMF) welcomed the re-engagement of the Libyan authorities with the IMF after a decade-long interruption, as the fragmentation of the country after the fall of the Ghaddafi regime in 2011 complicated policymaking and prevented the disclosure of key economic indicators. It considered that the measures that the Central Bank of Libya has taken, including the devaluation of the exchange rate, have helped the country weather a period of significant macroeconomic volatility and turmoil, and helped maintain a large stock of foreign currency reserves. It expected that the stability of the exchange rate will remain an important anchor for the authorities' monetary policy going forward. It also considered that Libya's near-term economic prospects are contingent on oil and gas production, and projected hydrocarbon production to grow by 15% in 2023 and to increase gradually in the near term. Further, it expected the fiscal and current account surpluses to decline gradually in the coming years, despite contained public spending. In parallel, the IMF indicated that key risks to Libya's outlook consist of lower global oil prices and the renewal of the conflict and/or social unrest in the country, which could lead to disruptions in oil production. It stressed that the authorities' structural reform efforts should focus on strengthening institutions and developing a more targeted and transparent economic strategy for the near to medium terms, including the optimization of the use of oil receipts to achieve economic diversification and improve living standards.

Source: International Monetary Fund

GCC

Banks able to manage contagion risks

S&P Global Ratings indicated that the exposure of the 19 banks that it rates in the Gulf Cooperation Council (GCC) countries to U.S. financial instruments ranged from nearly zero to 22% of their balance sheets at the end of 2022. Further, it noted that the U.S. portfolios of GCC banks have contributed to unrealized losses on their financial statements, but considered the overall amount of these losses to be manageable, as the banks would need to use on average about 25% of their 2022 net income to absorb the estimated losses. It noted that the revaluation of U.S. securities is negative for 14 GCC banks, while that of five GCC banks is positive due to their hedging exposure against interest rate volatility. It considered that the probability of GCC banks selling their holdings of U.S. securities to be limited due to the banks' good funding and liquidity profiles, and anticipated governments to provide support to the banks in case of need. But it expected the support of the Omani and Bahraini authorities to their banks to be uncertain, as the two countries have limited capacity to intervene in the event of a systemwide shock. In addition, it noted that funding remains robust for most GCC banking systems, as core customer deposits are the banks' main funding source, and indicated that deposits have been stable at GCC banks through numerous shocks. In parallel, it pointed out that banks in Bahrain and Oman have a moderate external debt position and did not foresee any major refinancing risk for their holdings of U.S. securities. It added that banks in the UAE, Kuwait, and Saudi Arabia remain in a positive net foreign asset position. Also, it indicated that the average risk-adjusted capital ratio of the 19 banks stood at 11.1% at end-2022, and that it will decline by only 30 basis points to 10.8%, in case of the materialization of unrealized losses.

Source: S&P Global Ratings

JORDAN

Ratings on four banks affirmed

Capital Intelligence Ratings affirmed the long-term foreign currency ratings of Arab Jordan Investment Bank (AJIB), Investbank (IB), Jordan Kuwait Bank (JKB), and Safwa Islamic Bank (SIB) at 'B+'. It also affirmed the Bank Standalone Ratings (BSRs) of the four banks at 'b+'. Further, it maintained the 'positive' outlook on the long-term ratings of AJIB, IB, and JKB, and revised the outlook on the rating of SIB from 'stable' to 'positive' following its similar action on the sovereign ratings. Also, it kept the 'positive' outlook on the BSR of AJB, and the 'stable' outlook on the BSRs of IB, JKB and SIB. Further, it pointed out that the ratings of the four banks balance their comfortable liquidity against the challenging operating environment in Jordan. It noted that the ratings of AJIB, IB, and JKB take into account their sound capital adequacy ratios. It indicated that the ratings of IB and JKB are constrained by the elevated concentrations in customer loans, and that the ratings of AJIB and SIB are underpinned by their sound asset quality. It pointed out that the elevated exposure of AJIB to Jordan's sovereign debt is weighing on its ratings, while its ample funding supports the ratings. It added that the ratings of SIB reflect the bank's growing business franchise.

Source: Capital Intelligence Ratings

IRAQ

Agencies take rating actions on banks

Fitch Ratings affirmed the long-term Issuer Default Rating (IDR) of Trade Bank of Iraq (TBI) at 'B-' and the IDRs of Kurdistan International Islamic Bank (KIIB) and Iraq's Region Trade Bank for Investment and Finance (RTB) at 'CCC+', and affirmed the outlook on the long-term ratings of TBI at 'stable'. Also, it assigned a rating of 'CCC+' on the long-term IDR of Sumer Commercial Bank (SCB). Further, it affirmed the Viability Rating (VR) of TBI at 'b-', the VRs of KIIB and RTB at 'ccc+', and assigned a VR at 'ccc+' for SCB. It said that the VR of TBI reflects the bank's fairly low-risk business model, moderately stable pre-impairment operating profitability, and adequate capital and liquidity buffers. It indicated that the ratings of KIIB, RTB and SCB balance the banks' weak operating environment and unstable business model, against their adequate capital ratios and sound liquidity buffers. It noted that the VRs of RTB and SCB are constrained by their limited franchise and weak profitability. In parallel, Capital Intelligence Ratings affirmed the long- and short-term foreign currency ratings of Commercial Bank of Iraq and the National Bank of Iraq at 'B' and 'B', respectively, and the ratings of Al Mustashar Islamic Bank for Investment and Finance and Al-Taif Islamic Bank at 'B-' and 'B', respectively. It also affirmed the Bank Standalone Ratings (BSRs) of the four banks at 'b-' and maintained the 'stable' outlook on their long-term ratings and on their BSRs. It pointed out that the ratings of the four banks are constrained by the challenging operating environment, elevated sovereign and systemic risks, as well as by high concentrations in loans and deposits. It added that the banks' solid capital base and good liquidity support their ratings.

Source: Fitch Ratings, Capital Intelligence Ratings

UAE

Profits of largest banks driven by favorable environment

Moody's Investors Service indicated that the aggregate net profits of First Abu Dhabi Bank, Emirates NBD Bank, Abu Dhabi Commercial Bank and Dubai Islamic Bank, which accounted for 77% of the UAE banking sector's assets at the end of September 2022, reached $9bn in 2022, constituting an increase of 12.5% from $8bn in 2021. It attributed the rise in earnings to higher interest income and lower provisioning charges, driven by the recovery in the UAE's operating environment. It said that the banks' aggregate net interest margins widened from 1.8% in 2021 to 2.2% in 2022 and that their net interest income increased by 28% last year. In addition, it noted that the banks' loan-loss provisioning eased further in 2022, as banks benefited from the recovery from the COVID-19 pandemic, rising oil prices, and strong activity in non-oil sectors. It added that the early prepayment and settlements of loans by borrowers reduced the pressure on provisioning charges and drove higher profitability during 2022.However, it said that the aggregate non-performing loans (NPLs) ratio of the banks remained elevated at 5.3% at the end of 2022 compared to 5.9% at end-2021, and said that the NPLs ratio was partly offset by an NPLs coverage ratio of 100% at the end of 2022. In parallel, it pointed out that the banks maintained strong capital buffers last year, given that their aggregate tangible common equity to risk-weighted assets stood at 14.8% at end-2022.

Source: Moody's Investors Service

Oil prices to average $82 p/b in first quarter of 2023

ICE Brent crude oil front-month prices have been volatile in the first three weeks of March 2023, trading at between $73 per barrel (p/b) and $86.2 p/b, due to several factors. The tight global supply has supported oil prices, while the turmoil in the U.S. and Swiss banking sectors has weighed on oil prices. In parallel, the International Energy Agency expected global oil demand to accelerate sharply in 2023 from 710,00 barrels per day (b/d) in the first quarter of 2023 to 2.6 million b/d in the fourth quarter of 2023, due to the rebound in international flights and the recovery in Chinese demand. It projected non-OPEC+ countries to drive global output growth of 1.6 million b/d in 2023, which will be enough to meet demand in the first half of the year. In addition, Goldman Sachs revised its forecast for Brent prices from $100 p/b in an earlier forecast to $94 p/b in the next 12 months, due to higher-than-expected near-term inventories, the announcement of an additional release of oil from the U.S. Strategic Petroleum Reserve, moderately lower global demand, and modestly higher supply from non-OPEC countries. It considered that the sharp rises in oil demand from emerging markets will outweigh the moderate decline in oil demand from developed economies, which would bring the global oil market back into deficit from June 2023 onward. Also, it projected oil demand from non-OECD economies to grow by 2.3 million b/d in the fourth quarter of 2023 from the same quarter in 2022, while it expected demand from OECD countries to decline by 0.5 million b/d. Further, it forecast oil prices to average $82 p/b in the first quarter and $83 p/b in the second quarter of 2023.
Source: International Energy Agency, Goldman Sachs, Byblos Research

Non-OPEC international petroleum and liquid fuels to grow by 2.6% in 2023

The U.S. Energy Information Administration projected the production of international petroleum and liquid fuels from non-OPEC producers at 67.42 million barrels per day (b/d) in 2023, constituting an increase of 2.6% from 65.7 million b/d in 2022. The supply of international petroleum and liquid fuels from non-OPEC producers would represent 66.4% of global output.
Source: U.S. Energy Information Administration

Algeria's crude oil production up 3.6% in January 2023

Crude oil production in Algeria totaled 1.01 million barrels per day (b/d) in January 2023, constituting an increase of 3.6% from 977,000 b/d in January 2022. Further, total crude oil exports from Algeria amounted to 485,000 barrels per day (b/d) in January 2023, representing a rise of 23% from 394,000 b/d in January 2022.
Source: JODI, Byblos Research

ME&A's oil demand to expand by 4% in 2023

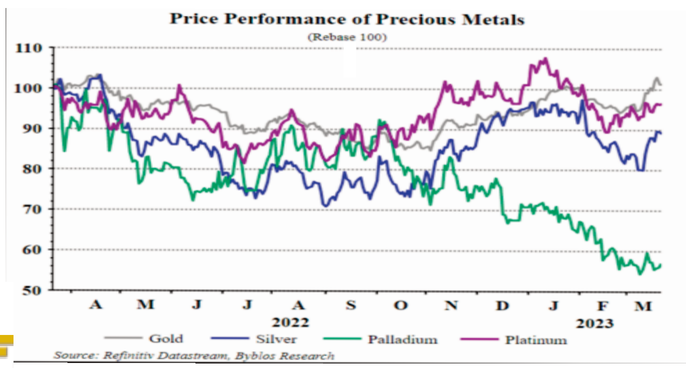
The Organization of Petroleum Exporting Countries (OPEC) projected the consumption of crude oil in the Middle East & Africa to average 13.2 million barrels per day (b/d) in 2023, which would constitute an increase of 4% from 12.68 million b/d in 2022. The region's demand for oil would represent 23.7% of demand in non-OECD countries and 13% of global consumption in 2023.
Source: OPEC

Base Metals: Copper prices to average $9,200 per ton in second quarter of 2023

LME copper cash prices averaged $8,926 per ton in the first 11 weeks of 2023, constituting a decrease of 10.3% from an average of $9,950.2 a ton in the same period of 2022. The decrease in prices was due mainly to a more positive economic outlook and the easing of supply chain restrictions worldwide. In parallel, the latest available figures released by the International Copper Study Group show that global demand for refined copper was 2.16 million tons in January 2023, up by 1.5% from 2.13 million tons in the same month of 2022, due to an increase of 0.7% in global demand for the metal excluding China. Further, demand for the metal in China grew by 2% in the first month of the year, driven by an uptick of 0.6% in the imports of net refined copper. In parallel, global refined copper production grew by 5.5% to 2.26 million tons in January 2023, as higher output from China, the Democratic Republic of the Congo and Japan was partially offset by lower production in Chile and the U.S. In addition, Standard Chartered Bank projected copper prices to average $9,200 per ton in the second quarter, $8,800 a ton in the third quarter, and $8,500 per ton in the fourth quarter of 2023.
Source: ICSG, Standard Chartered Bank, Refinitiv

Precious Metals: Silver prices projected to average $22.5 per ounce in first quarter of 2023

Silver prices averaged $22.5 per troy ounce in the first 11 weeks of 2023, constituting a decrease of 6% from an average of $23.9 an ounce in the same period of 2022. The decrease in prices was due mainly to the slowdown in demand for the metal, as well as monetary tightening in advanced economies. In parallel, Citi Research projected the global supply of silver at 1,078 million ounces in 2023 relative to 1,027 million ounces last year, with mine output representing 77.5% of the total. Further, it forecast demand for the metal at 1,088 million ounces in 2023 compared to 1,082 million ounces in 2022. It expected the price of the metal to increase to $34 per troy ounce in the second half of 2023, in case of a major slowdown in bank lending in the U.S., a decrease in U.S. interest rates, a weaker dollar, and an economic recovery in China. However, it forecast the price of the metal to average between $19 per ounce and $20 an ounce in the next six to 12 months, in case of further monetary tightening by the U.S. Federal Reserve and a decline in demand for the metal from China and India. Also, it projected silver prices to average $22.5 per ounce in the first quarter, $24 an ounce in the second quarter, $26 per ounce in the third quarter, and $28 an ounce in the fourth quarter of 2023. As such, it anticipated silver prices to average at $25 an ounce in 2023.
Source: Citi Research, Refinitiv



COUNTRY RISK METRICS

Countries	LT Foreign currency rating				General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI								
Africa												
Algeria	-	-	-	-								
	-	-	-	-	-6.5	-	-	-	-	-	-10.8	1.1
Angola	B-	B3	B-	-								
	Stable	Positive	Positive	-	-1	111.2	7.8	62.6	40.4	101.0	-4.0	1.5
Egypt	B	B2	B+	B+								
	Stable	Negative	Negative	Negative	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	CCC	Caa1	CCC-									
	Negative	RfD**	-	-	-3.4	34.3	2.0	60.4	5.0	169.5	-6.5	2.6
Ghana	SD	Ca	SD	-								
	-	Stable	-	-	-7.5	71.7	2.6	42.3	53.2	121.4	-3.1	3.8
Côte d'Ivoire	-	Ba3	BB-	-								
	-	Positive	Stable	-	-4.1	43.2			14.3		-3.5	1.4
Libya	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-
Dem Rep	B-	B3	-	-								
Congo	Stable	Stable	-	-	-0.8	13.17	0.49	7.88	2.16	116.35	-4.3	3
Morocco	BBB-	Ba1	BB+	-								
	Negative	Stable	Stable	-	-5.0	68.2	5.3	35.1	8.6	99.0	-5.3	1.5
Nigeria	B-	Caa1	B-	-								
	Negative	Stable	Stable	-	-4.5	46.0	4.1	56.7	27.7	119.9	-1.7	0.2
Sudan	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-
Tunisia	-	Caa2	CCC+	-								
	-	Negative	-	-	-4.7	81.0	4.2	-	11.9	-	-8.3	0.5
Burkina Faso	B	-	-	-								
	Stable	-	-	-	-5.4	51.3	0.4	22.3	7.1	134.0	-5.5	1.5
Rwanda	B+	B2	B+	-								
	Negative	Negative	Stable	-	-9.0	71.4	4.1	24.2	8.0	112.6	-10.7	2.0
Middle East												
Bahrain	B+	B2	B+	B+								
	Positive	Negative	Stable	Stable	-6.8	115.4	-1.2	198.8	26.7	345.2	-6.6	2.2
Iran	-	-	-	B								
	-	-	-	Stable	-3.7	-	-	-	-	-	-2.0	1.2
Iraq	B-	Caa1	B-	-								
	Stable	Stable	Stable	-	-8.0	78.1	-4.4	6.0	6.6	185.9	-2.4	-1.0
Jordan	B+	B1	BB-	B+								
	Stable	Positive	Negative	Positive	-3.0	93.9	1.0	86.0	11.9	182.9	-6.4	2.2
Kuwait	A+	A1	AA-	A+								
	Stable	Stable	Stable	Stable	5.7	20.2	1.7	77.9	0.6	157.3	-0.8	0.0
Lebanon	SD	C	C	-								
	-	-	-	-	-10.0	190.7	2.3	168.0	68.5	236.7	-11.2	2.0
Oman	BB	Ba3	BB	BB								
	Stable	Positive	Stable	Stable	-11.3	84.3	1.4	47.1	12.4	146.6	-10.9	2.7
Qatar	AA	Aa3	AA-	AA								
	Stable	Positive	Stable	Stable	5.3	63.3	2.9	179.1	7.2	225.3	-1.2	-1.5
Saudi Arabia	A	A1	A	A+								
	Stable	Positive	Positive	Positive	-6.2	38.2	16.3	18.4	3.6	50.4	-0.6	-1.0
Syria	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-
UAE	-	Aa2	AA-	AA-								
	-	Stable	Stable	Stable	-1.6	40.5	-	-	2.5	-	3.1	-0.9
Yemen	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-

COUNTRY RISK METRICS

Countries	LT Foreign currency rating S&P	Moody's	Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Asia												
Armenia	B+ Positive	Ba3 Negative	B+ Positive	B+ Positive	-4.9	65.5	-	-	11.3	-	-6.7	1.6
China	A+ Stable	A1 Stable	A+ Stable	- -	-3.0	72.6	12.1	40.6	2.5	68.7	1.7	0.4
India	BBB- Stable	Baa3 Negative	BBB- Negative	- -	-10.0	89.6	9.5	41.7	31.6	79.5	-0.6	1.5
Kazakhstan	BBB- Stable	Baa3 Positive	BBB Stable	- -	-1.7	32.0	5.1	30.8	7.3	95.6	-3.2	3.0
Pakistan	CCC+ Stable	Caa3 Stable	CCC- -	- -	-8.0	89.4	1.9	41.5	45.9	127.7	-1.6	0.6
Central & Eastern Europe												
Bulgaria	BBB Stable	Baa1 Stable	BBB Stable	- -	-5.0	30.4	2.7	28.3	1.9	104.2	0.4	1.0
Romania	BBB- Negative	Baa3 Negative	BBB- Negative	- -	-7.2	52.4	3.5	25.5	4.5	102.9	-5.1	2.0
Russia	C CWN***	Ca Negative	C -	- -	-2.2	23.4	11.4	18.6	2.9	59.3	1.9	-0.8
Türkiye	B Stable	B2 Negative	B Negative	B+ Stable	-4.0	38.5	-0.9	74.0	9.9	205.7	-4.2	1.0
Ukraine	B- CWN	B3 RfD	CCC -	- -	-5.3	67.3	4.5	56.5	7.9	115.7	-2.1	2.5

** Current account payments*

***Review for Downgrade*

**** CreditWatch with negative implications*

Source: S&P Global Ratings, Fitch Ratings, Moody's Investors Service, CI Ratings, Byblos Research - The above figures are projections for 2020

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	5.00	22-Mar-23	Raised 25bps	03-May-23
Eurozone	Refi Rate	3.50	16-Mar-23	Raised 50bps	N/A
UK	Bank Rate	4.00	02-Feb-23	Raised 50bps	23-Mar-23
Japan	O/N Call Rate	-0.10	10-Mar-23	No change	28-Apr-23
Australia	Cash Rate	3.60	07-Mar-23	Raised 25bps	04-Apr-23
New Zealand	Cash Rate	4.75	22-Feb-23	Raised 50bps	05-Apr-23
Switzerland	SNB Policy Rate	1.00	15-Dec-22	Raised 50bps	23-Mar-23
Canada	Overnight rate	4.50	08-Mar-23	No change	12-Apr-23
Emerging Markets					
China	One-year Loan Prime Rate	3.65	20-Mar-23	No change	20-Apr-23
Hong Kong	Base Rate	5.25	23-Mar-23	Raised 25bps	04-May-23
Taiwan	Discount Rate	1.75	15-Dec-22	Raised 12.5bps	15-Jun-23
South Korea	Base Rate	3.50	23-Feb-23	No change	13-Apr-23
Malaysia	O/N Policy Rate	2.75	09-Mar-23	No change	03-May-23
Thailand	1D Repo	1.50	25-Jan-23	Raised 25bps	29-Mar-23
India	Reverse Repo Rate	3.35	10-Feb-23	No change	N/A
UAE	Base Rate	4.90	22-Mar-23	Raised 25bps	03-May-23
Saudi Arabia	Repo Rate	5.50	22-Mar-23	Raised 25bps	03-May-23
Egypt	Overnight Deposit	16.25	02-Feb-23	No change	30-Mar-23
Jordan	CBJ Main Rate	6.75	05-Feb-23	Raised 25bps	N/A
Türkiye	Repo Rate	8.50	23-Feb-23	Cut 50bps	23-Mar-23
South Africa	Repo Rate	7.25	26-Jan-23	Raised 25bps	30-Mar-23
Kenya	Central Bank Rate	8.75	30-Jan-23	No change	29-Mar-23
Nigeria	Monetary Policy Rate	18.00	21-Mar-22	Raised 50bps	23-May-23
Ghana	Prime Rate	28.00	30-Jan-23	Raised 100bps	27-Mar-23
Angola	Base Rate	17.00	21-Mar-23	Cut 100bps	19-May-23
Mexico	Target Rate	11.00	09-Feb-23	Raised 50bps	30-Mar-23
Brazil	Selic Rate	13.75	22-Mar-23	No change	N/A
Armenia	Refi Rate	10.75	14-Mar-23	No change	02-May-23
Romania	Policy Rate	7.00	09-Feb-23	No change	04-Apr-23
Bulgaria	Base Interest	1.42	27-Feb-23	Raised 12bps	27-Mar-23
Kazakhstan	Repo Rate	16.75	24-Feb-23	No change	07-Apr-23
Ukraine	Discount Rate	25.00	26-Jan-23	No change	26-Mar-23
Russia	Refi Rate	7.50	17-Mar-23	No change	28-Apr-23

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